

If there is an irony in all of this, it is because DBS offers national program distribution and thus has different characteristics and requirements than the more traditional video technologies. The overarching feature of the cable and broadcast industries is their local nature. Both leased access and the existing political advertising rules reflect the local character of these technologies, and the fact that these policies lend themselves more readily to a local model. The Commission has a challenging task ahead of it if it is to place the DBS public service rules in a broader context where the new rules take advantage of the strengths of DBS rather than simply observing the older format which has been laid out for the other, different video distribution services.

The statute also calls for rates for access to DBS channels to be at the lowest unit charge. Paradoxically, DBS does not carry national advertising, and so no rate cards are available from which to determine L.U.C. In fact, the industry may have a long wait for national program services to grant satellite providers national ad avails. Forsaking national ad time may not make good economic sense for program services who license their commercial feeds to DBS. They would stand to give up valuable national advertising revenues and compete with DBS for national advertising for perhaps the same time slots. SBCA continues to recommend that the Commission delay its implementation of the rules regarding political announcements until the industry has a sufficient advertising base upon which to formulate appropriate L.U.C.'s for the purpose of this section of the public service rules.

E. Zoning and Covenants: The progress that the Commission has made in implementing and enforcing the zoning and covenant rules mandated by the 1996 Telecommunications Act has been extremely valuable. The achievements the Commission has

attained in the short time the rules have been in effect have been gratifying to the DTH industry and are helping to create an effective and more competitive video environment. We commend the Commission for all of its pioneering work in this area.

Still to be resolved is the disposition of the Further Notice of Proposed Rulemaking dealing with the application of the zoning and covenant rules to persons residing in multiple dwelling units. While there are difficult and complex issues at play, Section 207 of the Telecommunications Act of 1996 is clear as to Congress' intent not to "impair" a viewer's ability to receive video programming using a satellite dish one-meter or less in diameter. The industry is aggressively attempting to move into the MDU market, and we would urge the Commission to give the service providers some degree of market certainty by adopting as favorable a rule as possible in this area.

V. CONCLUSION:

Clearly the DTH industry, fueled by the rapidly growing acceptance of DBS technology by consumers, is making advances in the video marketplace. The subscriber penetration data we have cited, as well as the consumer studies which have been recently conducted, all point to a high degree of satisfaction for satellite television by the public.

On the plus side of the ledger, the implementation by the Commission of its rules governing satellite-restrictive ordinances and home owners' covenants has been of major benefit in getting around the lock that the cable industry has held in many communities. The recently completed rulemaking regarding Navigation Devices clearly recognized that DTH satellite already

On the plus side of the ledger, the implementation by the Commission of its rules governing satellite-restrictive ordinances and home owners' covenants has been of major benefit in getting around the lock that the cable industry has held in many communities. The recently completed rulemaking regarding Navigation Devices clearly recognized that DTH satellite already meets the Commission's criteria for competition and the retail availability of receiving equipment. So there have been some significant advances which have accrued to the industry's benefit.

By the same token, broad, strategic issues still remain to be resolved for the industry to be able to compete without being hobbled with arcane and outmoded rules and regulations designed for an earlier era. The disparities in the copyright law, for example, lay the DTH industry open to unreasonable demands in return for having the temporary copyright license renewed. There is no valid rationale for the enormous disparity in copyright rates between competitors. The "white area" system has been unworkable from the start, to the detriment of the DTH providers, the broadcasters, and consumers alike. The current court situation will only exacerbate an already difficult and complex situation. These are challenging issues. But if the DTH industry is to succeed as a competitor to cable on the scale that the Commission and Congress have envisioned, these barriers must be resolved quickly and efficiently, other wise consumers will not have the benefit of the increased competition which the video marketplace is capable of sustaining.



Andrew R. Paul, Sr. Vice President
SATELLITE BROADCASTING AND
COMMUNICATIONS ASSOCIATION

DATED: July 31, 1998

Appendix A

SUBSCRIBER CHARTS

	TOTAL DTH	TOTAL DBS	C-Band	DSS	PRIME STAR	DISH	ALPHA STAR
Jul 1, 94	1,992,808	70,000	1,922,808	0	70,000	0	0
Aug 1, 94	2,064,072	90,000	1,974,072	10,000	80,000	0	0
Sep 1, 94	2,178,206	140,000	2,038,206	40,000	100,000	0	0
Oct 1, 94	2,286,212	190,000	2,096,212	75,000	115,000	0	0
Nov 1, 94	2,398,712	270,000	2,128,712	125,000	145,000	0	0
Dec 1, 94	2,540,293	375,000	2,165,293	200,000	175,000	0	0
Jan 1, 95	2,702,665	503,000	2,199,665	320,000	183,000	0	0
Feb 1, 95	2,815,868	589,000	2,226,868	370,000	219,000	0	0
Mar 1, 95	2,906,147	655,000	2,251,147	400,000	255,000	0	0
Apr 1, 95	3,058,841	782,000	2,276,841	490,000	292,000	0	0
May 1, 95	3,112,147	861,000	2,251,147	514,000	347,000	0	0
Jun 1, 95	3,281,108	973,000	2,308,108	580,000	393,000	0	0

SUBSCRIBER CHARTS

	TOTAL DTH	TOTAL DBS	C-Band	DSS	PRIME STAR	DISH	ALPHA STAR
Jul 1, 95	3,424,349	1,103,000	2,321,349	650,000	453,000	0	0
Aug 1, 95	3,534,115	1,202,000	2,332,115	700,000	502,000	0	0
Sep 1, 95	3,709,975	1,356,000	2,353,975	785,000	571,000	0	0
Oct 1, 95	3,900,785	1,536,000	2,364,785	885,000	651,000	0	0
Nov 1, 95	4,168,912	1,789,000	2,379,912	1,000,000	789,000	0	0
Dec 1, 95	4,274,376	1,919,000	2,355,376	1,100,000	819,000	0	0
Jan 1, 96	4,515,406	2,150,000	2,365,406	1,200,000	950,000	0	0
Feb 1, 96	4,652,063	2,295,000	2,357,063	1,280,000	1,015,000	0	0
Mar 1, 96	4,780,060	2,424,000	2,356,060	1,350,000	1,074,000	0	0
Apr 1, 96	4,857,669	2,496,900	2,360,769	1,400,000	1,085,000	11,900	0
May 1, 96	4,944,367	2,594,800	2,349,567	1,470,000	1,100,000	24,800	0
Jun 1, 96	5,040,993	2,696,000	2,344,993	1,500,000	1,141,000	55,000	0

SUBSCRIBER CHARTS

	TOTAL DTH	TOTAL DBS	C-Band	DSS	PRIME STAR	DISH	ALPHA STAR
Jul 1, 96	5,237,933	2,901,000	2,336,933	1,600,000	1,226,000	75,000	0
Aug 1, 96	5,386,839	3,055,000	2,331,839	1,700,000	1,253,000	102,000	0
Sep 1, 96	5,553,748	3,234,000	2,319,748	1,780,000	1,309,000	145,000	0
Oct 1, 96	5,855,104	3,535,000	2,320,104	1,942,000	1,395,000	190,000	8,000
Nov 1, 96	6,047,947	3,733,000	2,314,947	2,028,000	1,458,000	235,000	12,000
Dec 1, 96	6,247,766	3,945,000	2,302,766	2,135,000	1,505,000	285,000	20,000
Jan 1, 97	6,509,755	4,232,000	2,277,755	2,300,000	1,547,000	350,000	35,000
Feb 1, 97	6,646,861	4,391,000	2,255,861	2,370,000	1,588,000	396,000	37,000
Mar 1, 97	6,748,601	4,514,000	2,234,601	2,420,000	1,617,000	437,000	40,000
Apr 1, 97	6,910,811	4,686,000	2,224,811	2,499,000	1,662,000	480,000	45,000
May 1, 97	7,007,206	4,792,000	2,215,206	2,520,000	1,708,000	513,000	51,000
Jun 1, 97	7,103,383	4,909,000	2,194,383	2,575,000	1,738,000	545,000	51,000

SUBSCRIBER CHARTS

	TOTAL DTH	TOTAL DBS	C-Band	DSS	PRIME STAR	DISH	ALPHA STAR
Jul 1, 97	7,231,472	5,047,000	2,184,472	2,639,000	1,767,000	590,000	51,000
Aug 1, 97	7,286,375	5,119,000	2,167,375	2,709,000	1,770,000	640,000	0
Sep 1, 97	7,468,051	5,301,000	2,167,051	2,796,000	1,790,000	715,000	0
Oct 1, 97	7,676,361	5,521,000	2,155,361	2,892,000	1,809,000	820,000	0
Nov 1, 97	7,902,786	5,759,000	2,143,786	3,000,000	1,864,000	895,000	0
Dec 1, 97	8,113,016	5,991,000	2,122,016	3,120,000	1,906,000	965,000	0
Jan 1, 98	8,400,993	6,287,000	2,113,993	3,301,000	1,946,000	1,040,000	0
Feb 1, 98	8,518,793	6,434,000	2,084,793	3,382,000	1,962,000	1,090,000	0
Mar 1, 98	8,677,147	6,606,000	2,071,147	3,453,000	2,008,000	1,145,000	0
Apr 1, 98	8,867,943	6,809,000	2,058,943	3,528,000	2,079,000	1,202,000	0
May 1, 98	9,007,862	6,958,000	2,049,862	3,605,000	2,098,000	1,255,000	0
Jun 1, 98	9,133,930	7,090,000	2,043,930	3,675,000	2,103,000	1,312,000	0
Jul 1, 98	9,282,425	7,254,200	2,028,225	3,755,000	2,117,200	1,382,000	0

Appendix B

DTH and Cable Subscribers

July 1, 1998

STATE	TV HH JAN 1998	DTH SUBS JUL 1, 1998	% OF TV HH w/DTH	BASIC CABLE SUBS OCT 1, 1997	% OF TV HH w/CABLE
Alabama	1,613,550	248,151	15.38%	933,370	57.85%
Alaska	151,870	15,712	10.35%	108,136	71.20%
Arizona	1,692,280	182,025	10.76%	992,306	58.64%
Arkansas	953,340	166,250	17.44%	563,376	59.09%
California	10,894,220	729,095	6.69%	6,602,259	60.60%
Colorado	1,504,320	181,806	12.09%	1,068,850	71.05%
Connecticut	1,222,970	42,816	3.50%	1,055,540	86.31%
D.C.	218,720	6,549	2.99%	99,657	45.56%
Delaware	273,280	23,672	8.66%	252,342	92.34%
Florida	5,788,730	545,271	9.42%	4,222,433	72.94%
Georgia	2,727,260	344,967	12.65%	1,780,940	65.30%
Hawaii	380,380	1,996	0.52%	401,241	105.48%
Idaho	432,180	77,257	17.88%	215,952	49.97%
Illinois	4,324,040	318,812	7.37%	2,354,800	54.46%
Indiana	2,199,100	315,088	14.33%	1,294,846	58.88%
Iowa	1,095,570	156,927	14.32%	605,061	55.23%
Kansas	976,410	123,257	12.62%	605,998	62.06%
Kentucky	1,457,720	239,775	16.45%	930,453	63.83%
Louisiana	1,546,080	162,113	10.49%	1,006,900	65.13%
Maine	474,150	88,802	18.73%	313,282	66.07%
Maryland	1,861,390	113,198	6.08%	1,171,016	62.91%
Massachusetts	2,282,450	70,241	3.08%	1,695,640	74.29%
Michigan	3,562,290	396,261	11.12%	2,262,964	63.53%
Minnesota	1,757,740	192,622	10.96%	892,253	50.76%
Mississippi	961,180	178,669	18.59%	499,228	51.94%
Missouri	2,050,640	299,877	14.62%	1,038,583	50.65%
Montana	333,610	102,599	30.75%	173,886	52.12%
Nebraska	632,310	82,402	13.03%	411,196	65.03%
Nevada	656,680	69,669	10.61%	487,448	74.23%

Wednesday, July 29, 1998

Page 1

Number of commercial and residential DTH SUBS as of July 1, 1998 released by DIRECTV/USSB, PRIMESTAR, DISH and the General Instrument Authorization Center through SkyTRENDS of Media Business Corp.

Number of TV HH as of January 1998 from A.C.Nielsen Co., as printed in Warren Publishing's *Cable and TV Factbook*, Vol. 66, 1998 page I-17.

Number of BASIC CABLE SUBS as of October 1, 1997, from Warren Publishing's *Cable and TV Factbook*, Vol. 66, 1998 page I-98.

Note: Figures reflect information supplied by system operators.

DTH and Cable Subscribers July 1, 1998

STATE	TV HH JAN 1998	DTH SUBS JUL 1, 1998	% OF TV HH w/DTH	BASIC CABLE SUBS OCT 1, 1997	% OF TV HH w/CABLE
New Hampshire	435,650	41,667	9.56%	367,928	84.45%
New Jersey	2,868,740	99,656	3.47%	2,259,642	78.77%
New Mexico	606,820	83,869	13.82%	339,700	55.98%
New York	6,535,450	416,106	6.37%	4,522,026	69.19%
North Carolina	2,837,230	501,998	17.69%	1,728,839	60.93%
North Dakota	246,490	42,814	17.37%	152,318	61.79%
Ohio	4,215,080	345,205	8.19%	2,634,988	62.51%
Oklahoma	1,253,690	159,216	12.70%	704,740	56.21%
Oregon	1,238,440	163,611	13.21%	724,787	58.52%
Pennsylvania	4,537,300	284,385	6.27%	3,451,388	76.07%
Rhode Island	367,740	17,581	4.78%	300,976	81.84%
South Carolina	1,364,030	218,836	16.04%	809,061	59.31%
South Dakota	270,720	45,615	16.85%	155,319	57.37%
Tennessee	2,043,430	303,087	14.83%	1,330,449	65.11%
Texas	6,813,840	783,111	11.49%	3,577,719	52.51%
Utah	634,110	95,478	15.06%	304,552	48.03%
Vermont	221,390	61,913	27.97%	155,935	70.43%
Virginia	2,492,580	292,947	11.75%	1,616,415	64.85%
Washington	2,110,600	244,200	11.57%	1,270,006	60.17%
West Virginia	702,620	114,045	16.23%	497,308	70.78%
Wisconsin	1,933,690	228,080	11.80%	1,084,658	56.09%
Wyoming	179,530	40,270	22.43%	120,958	67.37%

Wednesday, July 29, 1998

Page 2

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Number of BASIC CABLE SUBS as of October 1, 1997, from Warren Publishing's *Cable and TV Factbook*, Vol. 66, 1998 page I-98.

Note: Figures reflect information supplied by system operators.

Media Business Corp

887 Arapahoe Street Golden, CO 80401 P:303.271-8888 F:303.271-8885 E-Mail: skyreport@mediabiz.com
http://www.skyreport.com

SkyTRENDS1998

STATES WITH DTH

10% and over		15% and over		20% and over	
Alabama	15.12				
Arizona	10.31	Alabama	15.42	Montana	29.76
Arkansas	16.95	Arkansas	16.95	Vermont	26.87
Colorado	11.28	Idaho	17.09	Wyoming	21.41
Georgia	12.04	Kentucky	15.87		
Idaho	17.09	Maine	18.26		
Indiana	13.80	Mississippi	18.02		
Iowa	13.74	North Carolina	16.83		
Kansas	12.19	North Dakota	16.51		
Kentucky	15.87	South Carolina	15.45		
Maine	18.26	South Dakota	16.45		
Michigan	10.44	West Virginia	15.80		
Minnesota	10.31	Montana	29.76		
Mississippi	18.02	Vermont	26.87		
Missouri	13.98	Wyoming	21.41		
Montana	29.76				
Nebraska	12.58				
Nevada	10.14				
New Mexico	13.17				
North Carolina	16.83				
North Dakota	16.51				
Oklahoma	12.13				
Oregon	12.61				
South Carolina	15.45				
South Dakota	16.45				
Tennessee	12.29				
Texas	10.75				
Utah	14.24				
Vermont	26.87				
Virginia	11.29				
Washington	11.16				
West Virginia	15.80				
Wisconsin	11.05				
Wyoming	21.41				

Appendix C

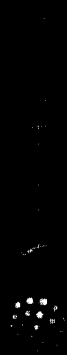
Cable is Currently Available to Over Half of DBS Subscribers

Is cable available in your area?



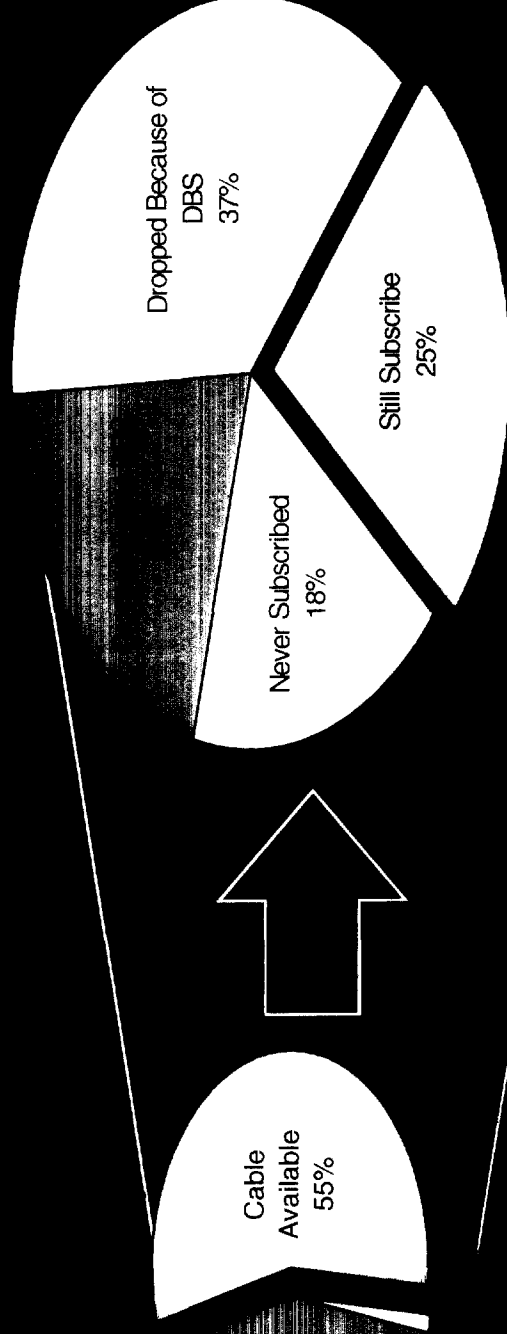
- 55% of DBS subscribers have cable TV available to them
- 45% of C-Band subscribers have cable TV available to them

Due to rounding to the nearest whole percent, totals above only add up to 99%.



Few DBS Customers Currently Subscribe to Cable

Is cable available in your area? Do you currently subscribe to cable? Did you previously have, or do you now have, another type of subscription TV service?

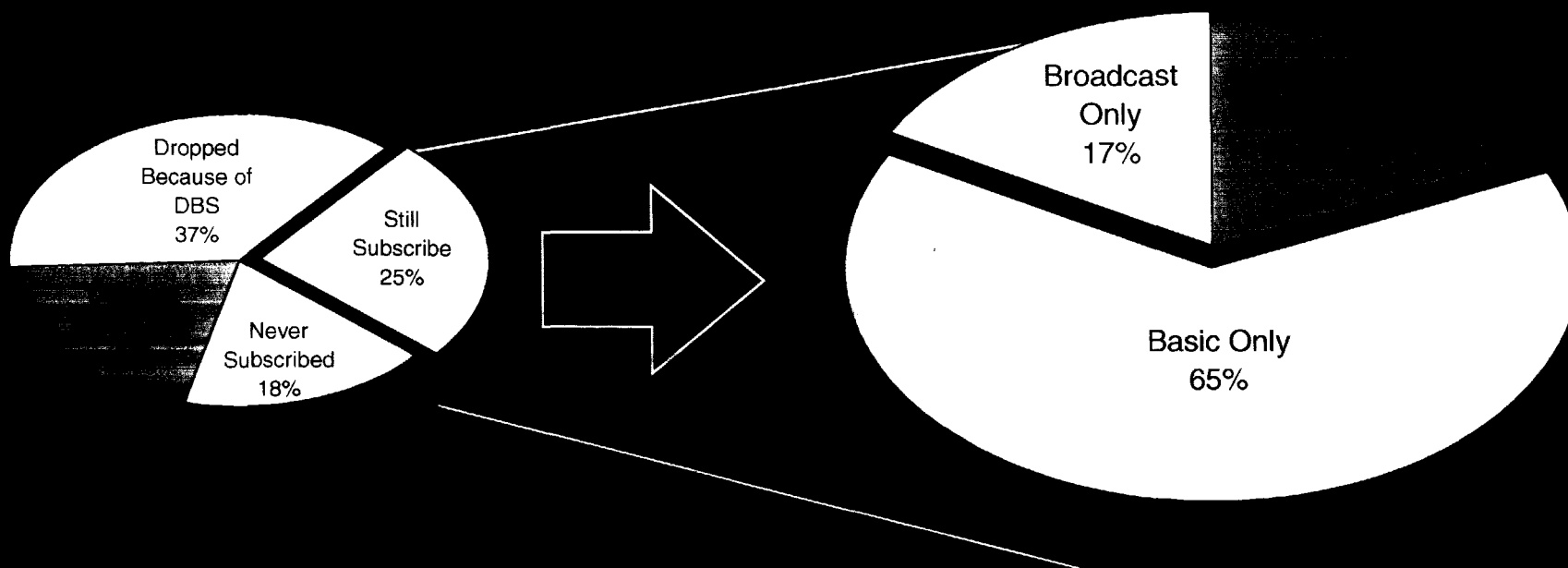


- Only one-quarter of DBS Households with access to cable subscribe to cable
- For C-Band customers with cable available, 53% Never subscribed, 19% dropped cable before, 18% dropped cable due to C-Band, and 10% still subscribe to cable
- Of those without access to cable, 11% had (or have) a type of subscription TV service. Wireless cable accounts for about one-third of the 11%, and C-Band 15% of the same group.
- 1% subscribe to both DBS and C-Band



Basic Level Most Common For Those Who Maintain Cable Subscription

Is cable available in your area? Do you currently subscribe to cable? Which of the following best describes your current cable television service?



- 65% of DBS homes with cable available and still subscribing to it have a basic only level of cable service. 17% have broadcast only and 18% get premiums from cable.
- 58% of current cable subscribers downgraded when they got DBS
- Of the 10% of C-Band homes who maintained cable, 64% have basic only, 27% broadcast only and 9% premiums. 57% of this group downgraded their cable subscription.



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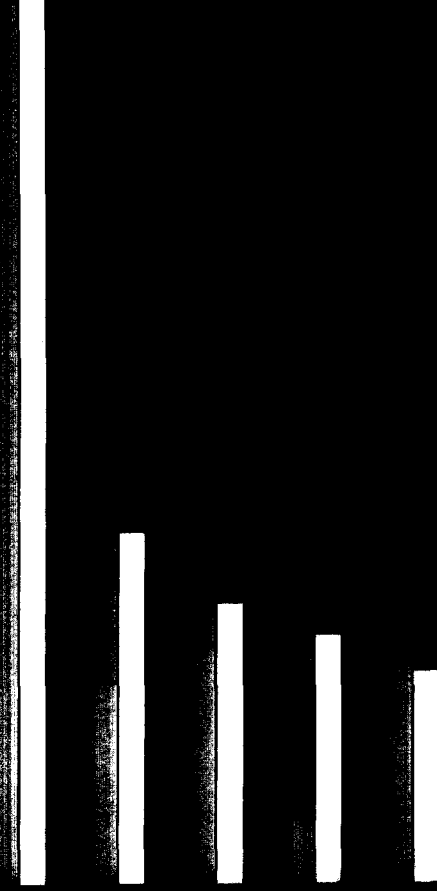


1998 DTH Study

Appendix D

Roof Antennas are the Most Common Devices Used to Receive Local Channels

How are you receiving your local broadcast channels, those for local news, weather and sports? (Read list and accept multiple answers). Did you have to purchase a new roof top antenna after you acquired your satellite system?



- 17% of DTH homes who use a roof top antenna purchased it after they got satellite TV. This is consistent between C-Band and DBS homes
- About 8% of DBS homes, and 10% of C-Band homes, got a roof top antenna as a result of getting DBS



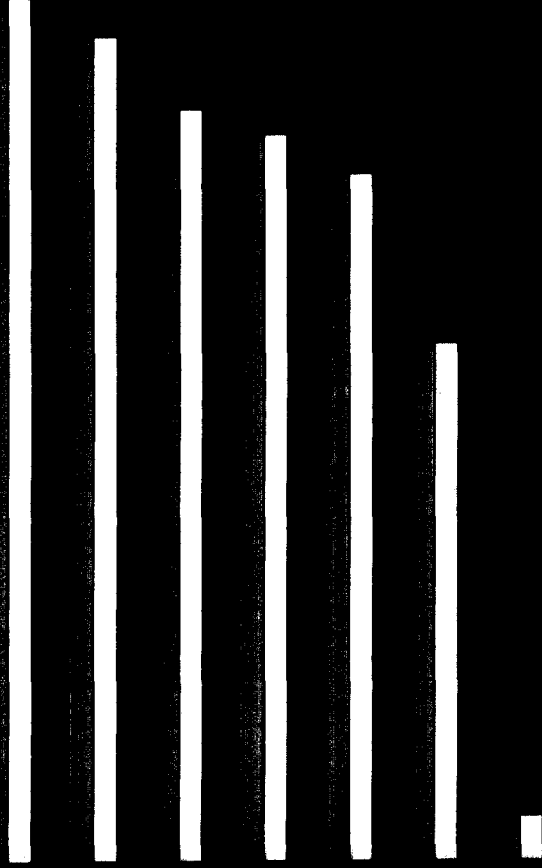
THE
YANKEE GROUP



Appendix E

DTH Customers Give Their Satellite Provider the Highest Ratings

*How would you rate the overall level of service provided by the following companies, if applicable?
We are using the same scale of where 5=excellent and 1=unacceptable.*

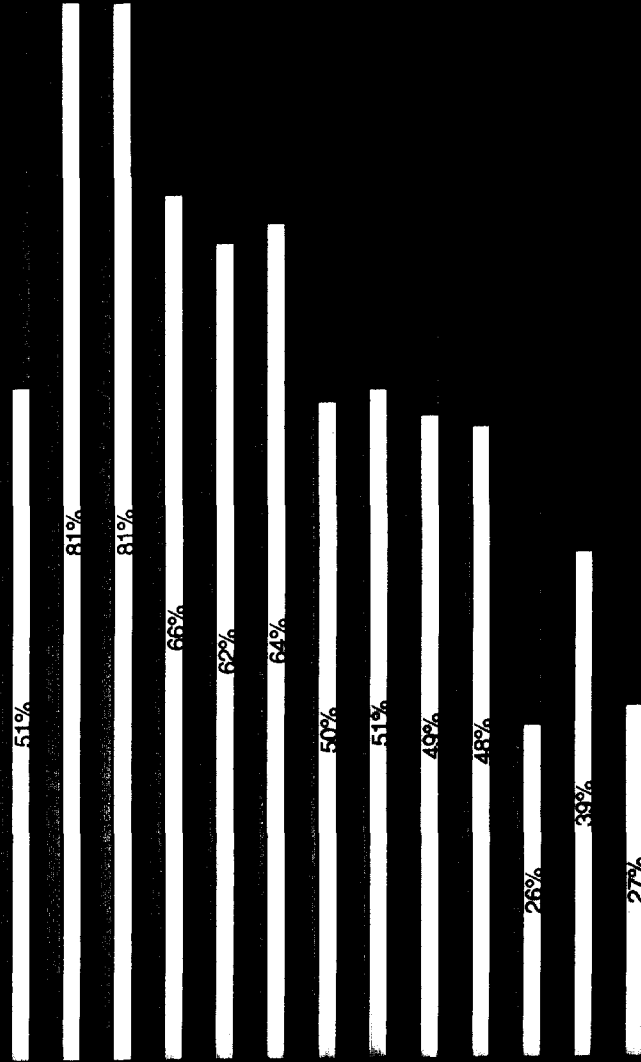


- For DTH households, their satellite TV provider receives the highest mean rating of all service providers. C-Band customers give their satellite provider a mean rating of 4.6, and DBS households 4.3.
- DBS households are most critical of the cable TV company, giving it a mean rating of 3.1

Appendix F

Picture and Sound Quality Rated as Best Features of DBS

I'd like you to rate the following features of your satellite TV system. We are using a rating scale of 1-5, where 5=excellent and 1=poor. How would you rate _____?

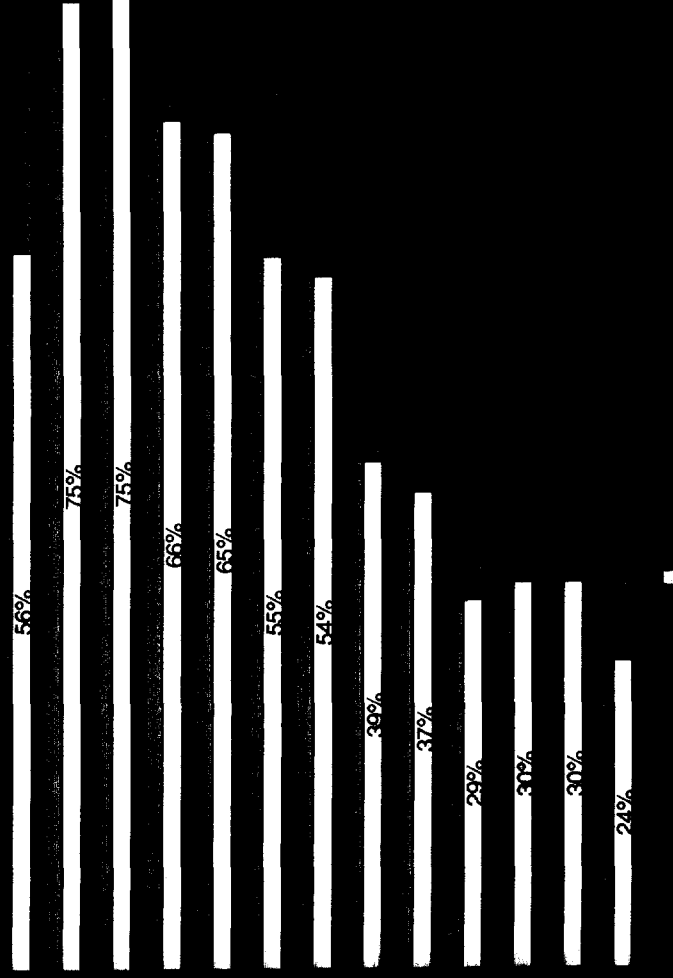


- 90% of DBS households rate the features overall as "excellent" or "good"
- Picture quality and sound quality both are rated as "excellent" by 81% of DBS households and "good" by an additional 16%.



C-Band Homes Like the Picture and Sound Quality

I'd like you to rate the following features of your satellite TV system. We are using a rating scale of 1-5, where 5=excellent and 1=poor. How would you rate _____?



- 91% of C-Band households rate the features overall as "excellent" or "good"
- Picture quality and sound quality both are rated as "excellent" by 75% of C-Band households and "good" by an additional 21% (for picture quality) and 20% (for sound quality)

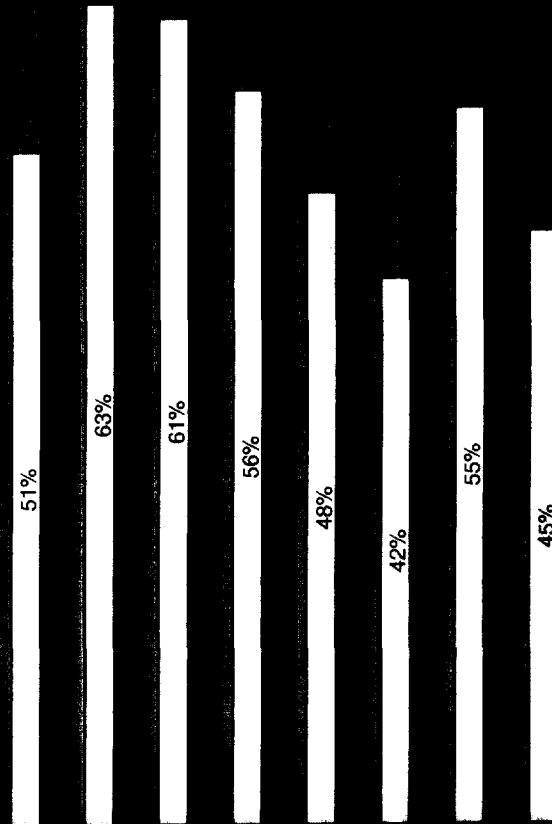


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High Marks for Service Quality for DBS

Thinking of your satellite TV service provider, please rate the quality of each of the following. We are using a scale of 1 to 5 where 5=excellent and 1=unacceptable. How would you rate _____?



- 88% of DBS customers rate the overall quality of their service provider as excellent or good.



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1998 DTH Study